GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:183
ANSWERED ON:03.08.2001
RBI NOMINEES ON BOARDS OF BANKS
PRABHUNATH SINGH;RENU KUMARI SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to take action against the RBI nominees on the boards of the banks for their failure in performing their duties resulting in one scam after another;

(b) if so, the details thereof and the procedure adopted in appointing RBI nominees on the Boards of various banks;

(c) whether any proposal to ask the M.Ps to recommend names for such posts, whom they consider as dedicated and honest, are under the consideration of the Government;

(d) if so, the details thereof; and

(e) if not, the reasons therefore?

Answer

FINANCE MINISTER (YASHWANT SINHA)

(a) & (b) : RBI nominees on the Boards of various banks are appointed in accordance with the provisions contained in the relevant Act governing such banks. RBI nominees on the Boards of public sector banks are senior officers of the RBI who are well versed with matters relating to operations of the banks. In banks, decisions are taken by the members of the Board collectively. It would not be appropriate to single out RBI nominee directors for lapses if any.

(c) : No, Sir.

(d) : Does not arise.

(e) : In view of the need to adopt sound regulatory and supervisory policies, it is thought appropriate to leave the discretion to appoint/recommend RBI nominee with the regulator i.e. RBI.